

Assembly Bill No. 1220

Passed the Assembly August 29, 2000

Chief Clerk of the Assembly

Passed the Senate August 28, 2000

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2000, at _____ o'clock ____M.

Private Secretary of the Governor

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CHAPTER _____

An act to add Section 19141.7 to the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1220, Romero. Bank and corporation taxes: credit: wages.

The Bank and Corporation Tax Law authorizes various credits against the taxes imposed by that law.

This bill would require the taxpayer to provide the Franchise Tax Board with specified information regarding various tax credits claimed by the taxpayer, and would require the board to publish that information, as provided.

The people of the State of California do enact as follows:

SECTION 1. Section 19141.7 is added to the Revenue and Taxation Code, to read:

19141.7. (a) Any taxpayer subject to any tax imposed by Part 11 (commencing with Section 23001) that meets the criteria specified in subdivision (c) shall provide the following information for each income year as part of the taxpayer's original return in a form and manner specified by the Franchise Tax Board no later than the due date of that return, as provided in Section 18601, or the extended due date of that return, as provided in Section 18604:

(1) The name of the taxpayer claiming the credit specified in subdivision (c), and the Standard Industrial Classification (SIC) Code of the taxpayer as specified in that credit.

(2) The amount of each credit specified in subdivision (c) claimed by the taxpayer.

(3) The number of full-time equivalent employees employed by the taxpayer as specified in subdivision (d) as of the first day of the taxpayer's income year. The number of full-time equivalent employees employed by the taxpayer shall equal the following:



(A) The total number of hours worked for the taxpayer, as specified in subdivision (d), by employees (not to exceed 1,750 per employee) who are paid an hourly wage divided by 1,750.

(B) The total number of months worked for the taxpayer, as specified in subdivision (d), by employees who are salaried employees divided by 12.

Taxpayers claiming credits allowed by Sections 23612.2, 23622.7, 23622.8, 23633, 23634, 23636, 23645, and 23646 shall report the information specified in paragraph (3) for the state as a whole and for each enterprise zone, local area military base recovery area, targeted tax area, and manufacturing enhancement area in which the taxpayer is doing business.

(4) The median weekly wage or salary paid to the taxpayer's nonsupervisory employees during the income year as specified in subdivision (d).

(5) The percentage of nonsupervisory employees for which the taxpayer pays at least 80 percent of the health or medical insurance premiums during the income year as specified in subdivision (d). For purposes of this section, "health or medical insurance premiums" means any payment made with respect to health or medical insurance costs of the corporation's employees for which a deduction is claimed pursuant to Section 24343, relating to trade or business expenses.

(b) A taxpayer claiming any credit specified in subdivision (c) shall retain and make available to the Franchise Tax Board, upon request, any documents and information necessary to substantiate the information specified in subdivision (a). The Franchise Tax Board shall develop a form and method for providing the information specified in subdivision (a) in a manner that is simple and efficient for the taxpayer.

(c) Subdivisions (a) and (b) shall apply to any taxpayer that has gross receipts, less returns and allowances reportable to this state, of five million dollars (\$5,000,000) or more and that claims any credit allowed by any of the following sections:

(1) Section 23609 (relating to qualified research expense).

(2) Section 23612.2 (relating to enterprise zone sales tax).

(3) Section 23622.7 (relating to enterprise zone wages).

(4) Section 23622.8 (relating to manufacturing enhancement area wages).

(5) Section 23624 (relating to inmate labor wages).

(6) Section 23633 (relating to targeted tax area sales tax).

(7) Section 23634 (relating to targeted tax area wages).

(8) Section 23636 (relating to joint strike fighter wages).

(9) Section 23645 (relating to local area military base recovery area sales tax).

(10) Section 23646 (relating to local area military base recovery area wages).

(11) Section 23649 (relating to qualified manufacturing property).

(d) In the case of a taxpayer that claims any credit allowed by Section 23609, 23624, 23636, or 23649, the information required by subdivision (a) for those credits shall be limited to information relating to the taxpayer's trade or business activities within this state.

(e) (1) If a taxpayer claiming any credit specified in subdivision (c) fails to file the information required under subdivision (a), any credit specified in the income year shall be denied.

(2) The credits shall not be denied if:

(A) The information required under subdivision (a) is filed within 90 days after the Franchise Tax Board sends the taxpayer a notice and demand to file the required information.

(B) The failure is shown to be due to reasonable cause and not willful neglect.

(f) For taxpayers described in subdivision (c), the information specified in subdivision (a) shall be published in an annual report by the Franchise Tax Board



that is available to the public. Data in the report shall be aggregated so that no fewer than three taxpayers are represented in each data category. In preparing the report the Franchise Tax Board shall endeavor to provide the greatest detail possible while protecting the identity of individual taxpayers.

(g) The Legislative Analyst's Office is authorized to evaluate the impact of the credits specified in subdivision (c) on employment and wages within the targeted tax area LAMBRA, and enterprise zones within the state.



Approved _____, 2000

Governor

